### Staff Summary Report

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To: Mayor and City Council Through: City Manager

Agenda Item Number 41
Meeting Date: 01/11/01

SUBJECT: SRP KYRENE EXPANSION PROJECT #SIP-2000.79

**PREPARED BY:** DeeDee (D<sup>2</sup>) Kimbrell, Planner I (480-350-8331)

**REVIEWED BY:** Dave Fackler, Development Services Manager (480-350-8333)

**BRIEF:** This is the second public hearing for Salt River Project (SRP) for a Site Plan for

SRP Kyrene Power Plant to expand the generation station located at the northeast

corner of Kyrene and Elliot Roads at 110 West Elliot Road.

COMMENTS: PLANNED DEVELOPMENT (0406) Hold the second public hearing for SRP

**KYRENE EXPANSION PROJECT** (SRP, property owners) who is requesting a 250 megawatt power plant expansion (on approximately 13 acres) west of the existing 255 megawatt generation station. The following approvals are requested

from the City of Tempe:

**#SIP-2000.79** Site plan consisting of a 250 megawatt generation station on approximately 13 acres located in the I-3 portion of the property at 110

West Elliot Road, including the following:

Variance:

Increase the maximum allowable height from 35' to 150'.

Document Name: 20010111devsrh14 Supporting Documents: Yes

**SUMMARY:** This request is for a 250 megawatt power plant expansion west of the existing 255

megawatt generation station. The proposed expansion will require a height variance for structures over 35' in height. The proposed expansion project is located in a developed area including residential, retail/service and office/warehouse land uses to the west, the Ken McDonald Golf Course immediately to the north and east, and residential areas to

the south.

SRP has worked with adjacent and nearby neighbors as well as staff to mitigate the potential impacts of this expansion. SRP will provide significant landscaping, multi-use paths, lighting and walls to not only mitigate the plant but to enhance the area. **Note:** 

The first public hearing for this request was held on December 14, 2000.

RECOMMENDATION: Staff - Approval

Public - Opposition

#### **ATTACHMENTS:**

- 1. List of Attachments
- 2 History & Facts / Description
- 3-7 Comments
- 8 Reasons for Approval / Conditions of Approval
- 9. Site Plan
- 10. Elevations
- 11. Landscape Plan
- 12. Letter of Explanation/Intent
- 13. Agreement between SRP and the City of Tempe (6/15/2000)

#### **HISTORY & FACTS:**

1951 Construction of the Kyrene plant started. At that time the land was in Maricopa

County.

January 12, 1972.

March 8, 1973.

City of Tempe annexed the property.

SRP donated the land for the Ken McDonald Golf Course to establish a buffer

between the plant and the adjacent land, which coincided with the City annexing

the surrounding property including the plant site.

1980's Tempe Regional Center was built to serve customers.

<u>Late 1980's</u> The 230kV and 500kV switchyards were energized.

March 1999. SRP announced that they intended to expand the Kyrene Station by adding

additional generating units and related facilities.

March 1999 - Present SRP has conducted a public process with the neighborhoods and other interested

parties relative to its plans to expand the Kyrene Station.

March 2000. Mayor Neil Giuliano suggested that the neighborhood group opposing the

expansion, other neighborhood representatives, and SRP engage in a mediation effort to examine SRP's expansion plans and resolve differences in a manner,

which would be acceptable to the neighbors.

May 4, 2000. The parties to the mediation reached agreement on the major issues involving the

expansion of the Kyrene facility, the operation of the current facilities, and

mitigation and enhancement requirements.

June 15, 2000. City Council approved the agreement between SRP and the City of Tempe.

December 14, 2000. City Council held their first public hearing for this request.

**DESCRIPTION:** Owner - Salt River Project (SRP)

Applicant - Dave Wilson

Landscape Architect - Christine Ten Eyck

Engineer - Dan Freese (Stanley Consultants Inc.)

Existing zoning - I-3 / AG Total site area - 160 acres Project site area - 12.87 acres

Variances

Increase the maximum allowable height from 35' to 150'.

#### **COMMENTS:**

SRP is requesting a 250 megawatt power plant expansion located just west of the existing 255 megawatt Kyrene Generation Station. The proposed expansion project is located in a developed area that includes residential, retail/service and office/warehouse land uses to the west, Ken McDonald Golf Course immediately to the north and east and residential areas to the south. The Kyrene Expansion Project will be located within the 160 acres owned by SRP, closest to the north property line. Included with this proposal is a variance to increase the maximum allowable height from 35' to 150'. The tallest structure proposed is the 150' exhaust stack. Also exceeding the maximum allowed height for this zoning district is the steam turbine enclosure, HRSG (boiler enclosure) and the cooling tower that are 71', 102' and 53' respectively. The total building square footage proposed is 27,700 s.f. This area includes the steam turbine enclosure, water treatment building, power distribution center and pump enclosure.

The new facilities at Kyrene are needed to meet the needs of the record-setting growth in the Phoenix metropolitan area and particularly in the East Valley. Over the past five years the number of SRP electric customers has increased by more than 16 percent. Last fiscal year alone SRP welcomed more than 27,000 new customers to its service territory - a record annual growth. SRP's customer growth is expected to continue at a similar pace over the coming years.

The new facilities are also needed to maintain and improve the reliability of the electric system. Proper system planning dictates a mix of local and remote generation. Local generation is necessary to maintain voltage levels and to provide resources in the event of an outage of a system component. Yet, no new local generation has been built in the East Valley since the mid-1970's. This expansion will partially address this element of system operations.

The Tempe Water Utility Department has been investigating additional reuse opportunities over the past several years, including new irrigation sites and a groundwater recharge project at the golf course. The groundwater recharge project is coming on-line this year, but much of the reclaimed water supply will still go unused without significant investment in new infrastructure.

As a result of the Kyrene Power Plant Expansion, delivery of reclaimed water to the new expansion will provide for full utilization of Tempe's reclaimed water supply. Through exchange provisions, with SRP paying for the cost of all new infrastructure to deliver reclaimed water from the Tempe Kyrene Water Reclamation Facility to their new generating station. In the process, Tempe will gain a significant new surface water supply for non-member land water demand throughout the Tempe water service area, up to 3,000 acre-feet per year. Another words, Tempe is trading a water supply (reclaimed water) that cannot be use for potable purposes for a water supply (SRP surface water) that can by used for drinking water supply or any other use throughout the service area, such as supplying water to the Tempe Town Lake.

In addition to the various studies conducted, SRP and the Environmental Planning Group, Inc. (EPG) have implemented a comprehensive public involvement program with neighborhoods and other interested parties about its plans to expand the Kyrene Station. The public process intent was to educate the public and work in a cooperative manner to identify and address issues and impacts associated with the project. This effort included the formation of a Community Working Group (CWG) whose members made recommendations relating to the mitigation of the expansion project.

Due to neighborhood opposition to the planned expansion, in March 2000, Mayor Neil Giuliano suggested that a mediation group be formed to examine SRP's expansion plans and resolve differences in a manner that would be acceptable to the neighbors. This group included the neighborhood group opposing the expansion (STOP, Stop Tempe Oasis Project), other neighborhood representatives and SRP. Through this community mediation process, SRP has agreed to downsize the planned expansion from 825 megawatts to 250 megawatts. The mediation participants agreed that the agreements reached during the mediation process would be reflected in an agreement between SRP and the City of Tempe. This agreement was passed and adopted by the City Council on June 15, 2000.

SRP conducted public open house meetings with their consultants to present the mitigation measures proposed. These open house sessions provided feedback mostly from local residents. Comments received at the public meetings were presented to the CWG for review and consideration.

SRP, in conjunction with City of Tempe, STOP and CWG, created mitigation and enhancement measures as agreed to in the mediation process and as specified in the agreement between the City of Tempe and SRP. These measures will be implemented during the power plant construction project. These specific items are as follows:

Relocation of entrance to SRP's Tempe Service Center off Elliot Road. SRP and the City staff found it difficult to design a relocated entry and still provide the safest traffic condition possible. Tempe staff and SRP believes the current location along Elliot Road is better suited to traffic safety and operation. The CWG accepted this determination since their main concern was about the appearance of the entrance. SRP and the CWG attempted to improve the main entrance appearance by creating a deeply curved drive with lush landscape to screen the site. Upon review of the current plan, STOP has indicated that, per the agreement, they were expecting that the entrance would be relocated away from Elliot Road to Kyrene Road. SRP, City staff, STOP and CWG are working on resolving the issue.

There are four existing entries to SRP from Elliot Road. One of these entries does not have a median cut and SRP has committed to permanently close that entry by walling it shut. The western most entry is used for emergencies only and SRP will provide a solid gate and remove the driveway leading up to the gate. Shrub plantings will be provided in front of the gate and this gate will remain closed and locked unless there is an emergency. A new sidewalk will be placed in alignment with the existing sidewalk to provide a continuous walk along the north side of Elliot Road. The eastern entry will remain but will also be landscaped and treated with screen walls.

# Construction of a bike and pedestrian path along the eastern edge of the SRP property

SRP is proposing a 12 foot wide concrete pedestrian and bicycle path constructed on the eastern edge of the plant, adjacent to and is some places, on the western edge of Ken McDonald Golf Course. The path will travel from Elliot Road, north to the Western Canal, and cross the canal with a pedestrian and bicycle bridge per the original agreed upon concept. Landscaping and lighting will be included along the path.

There is still one issue that needs to be resolved regarding the bridge over the Western Canal. The Community Services Department has requested that this bridge become a shared facility with the non-motorized users of the path and also accommodates golf carts traveling from hole 9 to hole 10. Currently, golfers use a bridge about 150 feet east of the proposed bridge location, however, a new bridge has been desired for some 15 years and would create more of a direct link for golfers. It is estimated that no more than 75 golf cars would use this facility per day. Staff will work with SRP to resolve the design and funding of the bridge.

#### Repainting of the 500kV A-frame switchyard structures

The painting of the Kyrene switchyard requires an outage of the entire switchyard. The Kyrene switchyard is unique to the SRP system in that it is directly connected to two power plants, Palo Verde and Coronado Generating Station. There is no back-up to the 500kV transmission line system that goes through Kyrene. This includes both the transmission line portion and the transformers. As the system stands today, even a planned outage during the most favorable conditions would create serious risk (much greater risk than SRP will normally accept when taking elements out of service for maintenance, capital improvements or forced outages) in the reliability of SRP's electric system. The consequences of a fault during the time frame the switchyard would be de-energized could be significant loss of load and low voltages within the southeast Valley. SRP has an ongoing capital program that will provide further redundancies in the system. Significant projects that will provide the needed redundancies include Browning (RS18) in 2001, Kyrene Expansion Project in 2002, Southwest Valley 500kV Transmission Project in 2003, Santan Expansion Project in 2005, and the Central Arizona Transmission System 500kV Project in about 2007. At the time the projects have been completed, SRP can safely take the switchyard offline within acceptable risks and complete the painting.

# <u>Installing noise suppression equipment on the Kyrene Unit 1 steam driven lube oil pump vent and the air ejectors for Units 1 and 2</u>

The noise suppression equipment will be operational prior to the completion of the power plant in 2002.

#### Berming and trees along the southern boundary of the SRP property

The SRP site fronts on Elliot Road along its southern boundary. The proposed mitigation treatments for the southern boundary include the addition of landscape berms and plantings. The primary tree plantings will consist of the Chilean Mesquite, which is the City of Tempe's designated street tree for Elliot Road. The existing masonry screen wall will remain and an additional 3 courses of block will be added to the existing wall. Plantings of Mondel Pines will be installed inside the SRP property to serve as a tall vegetative visual buffer and as a backdrop at the main entry. Approximately 148 trees and 3,348 shrubs will be planted along Elliot Road. At the request of the Alisanos neighbors, Mondel Pines have been designed for the entry to the Kyrene site to be similar to the Alisanos design.

## Berming and planting trees at the northeast corner of Elliot Road and Kyrene Road

The northeast corner of Elliot and Kyrene is extremely limited by the railroad right-of-way and a 25' wide utility easement for an El Paso natural gas line. The visual mitigation of this corner will be achieved by planting a grove of 26 Mondel Pines behind the existing SRP masonry screen wall east of the El Paso easement. At maturity, the massing of these trees will provide a relatively dense vegetative buffer that will help screen views of both the existing facilities and the proposed power plant.

#### Planting trees along the eastern edge of the SRP property

Over 4,000 lineal feet of a 12 foot multi-purpose meandering integral color concrete path will be constructed to connect Elliot Road to the Western Canal on the north side of the plant. In conjunction with the pathway, the eastern perimeter of the SRP site will be screened with a masonry wall and with approximately 397 trees and 3,558 shrubs planted along the eastern edge. The intent is to provide a lush environment for the users of the path and a vegetative screen for the eastern neighbors view to the west while still keeping safety in mind by carefully selecting the plant materials.

The planting of Mesquite trees, Sisso trees, Shoestring Acacia trees, Ash trees and Mondel Pine trees will occur on portions of the western edge of the Ken McDonald Golf Course. Other smaller trees will be planted to maintain clearance under the overhead power lines. The plantings will be situated to enhance the visual appeal of the golf course and not impede the play of the course.

Planting trees and berming along a portion of the northern edge of the property The addition of berming and planting along portions of the northern edge of the SRP site occurs west of the Western Canal. SRP will remove an existing building no longer in use to provide additional space for berming and planting. The berms will be carefully placed to compliment the golf course and not adversely impact the mature trees which occur in this area. A layering of tree plantings is proposed with the use of Ash trees, Mesquite trees, Shoestring Acacias trees and Sisso trees. The densest plantings will occur on the golf course and the SRP property just north of the service road leading into the SRP site. Supplemental tree plantings will occur on the golf course between the fairways of holes 11 and 12. There will also be tree planting adjacent to the Estancia Apartments and the care facility north of the golf course. The design team has met with the owner of the apartments and has identified specific plant types and sizes to help screen the plant facilities from the apartments. There are approximately 234trees proposed for this area.

<u>Individual tree planting for homes along the golf course that would have a view of the proposed generating units.</u>

There is an allowance for trees that will be planted on the non-play areas of the golf course adjacent to the individual residential properties backing directly to the golf course. One tree per residence will be placed in a location to help provide an effective screen for the homeowner's property while not impacting the playability of the course or access for golf maintenance equipment.

There are additional benefits of the proposed facilities, which include the following: Visual impacts will be minimal because of design, siting, mitigation and enhancement plans. Land use impacts are expected to be minimal because of siting adjacent to the existing plant, which is located in an industrial area. Noise impacts from the expansion project are expected to be minimal and will meet all applicable noise ordinances.

Air quality will not deteriorate as a result of the operation of the new facilities. No special status species or unique habitats occur within the project site.

SRP, in conjunction with City of Tempe have worked with STOP and CWG to mitigate the potential impacts of this expansion. SRP will provide significant landscaping, multi-use path, lighting and walls to not only mitigate the plant but to enhance the area.

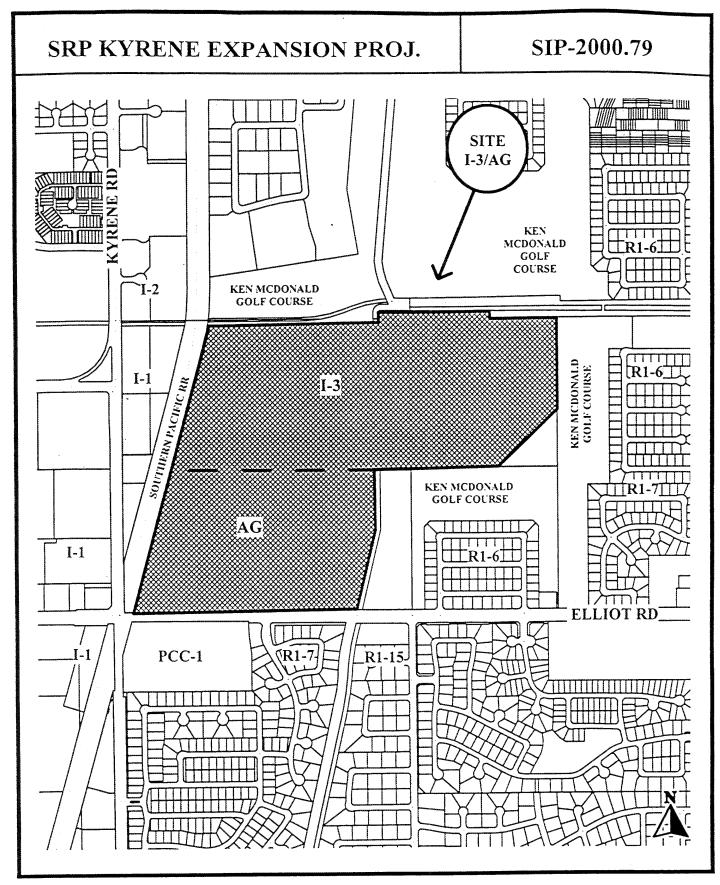
### REASON(S) FOR APPROVAL:

- 1. The proposed expansion appears to meet all the City and State regulations.
- 2. The proposed expansion appears to be appropriate for the area and should not adversely affect the present or potential development of nearby sites.
- 3. The applicant, SRP, has educated, listened to and responded to the needs and issues of the community and the City.
- 4. Authorizing of the application should not be materially detrimental to persons residing or working in the vicinity, to adjacent property, to the neighborhood or to the public welfare in general.
- 5. The proposed variance appears to pass required ordinance tests and should not be a detriment to surrounding areas.
- 6. The June 15, 2000 agreement between SRP and the City of Tempe.

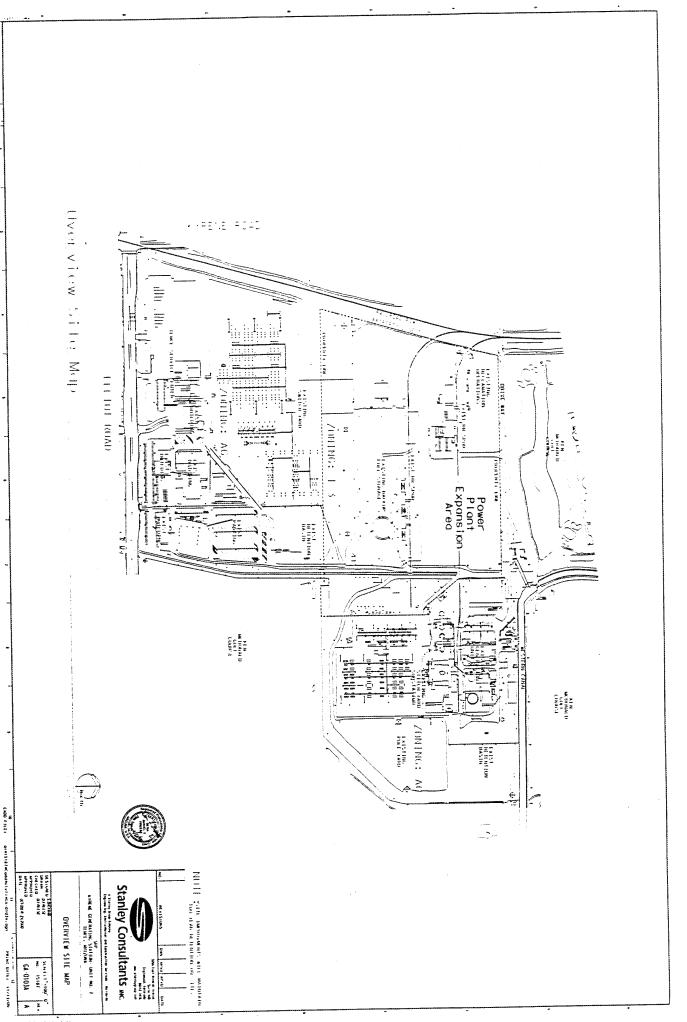
### CONDITION(S) OF APPROVAL:

- 1. No variances may be created by future property lines without the prior approval of the City of Tempe.
- 2. A valid building permit shall be obtained and substantial construction commenced within one year of the date of Council approval or the variance(s) shall be deemed null and void.
- 3. The applicant shall comply with all applicable state and federal laws regarding archeological artifacts on this site.
- 4. Any intensification or expansion of the use shall require the applicant to return to the City Council for further review.
- 5. Design details of netting and fencing to be determined by City of Tempe Risk Management, Community Services and Public Works Departments. Installation shall be concurrent or prior to completion of path.
- 6. Details of design and funding of the bridge to be resolved by SRP (applicant) and City of Tempe Community Services and Public Works Departments. Installation shall be concurrent or prior to completion of path.





Location Map SEE OTHER SIDE FOR MORE INFORMATION



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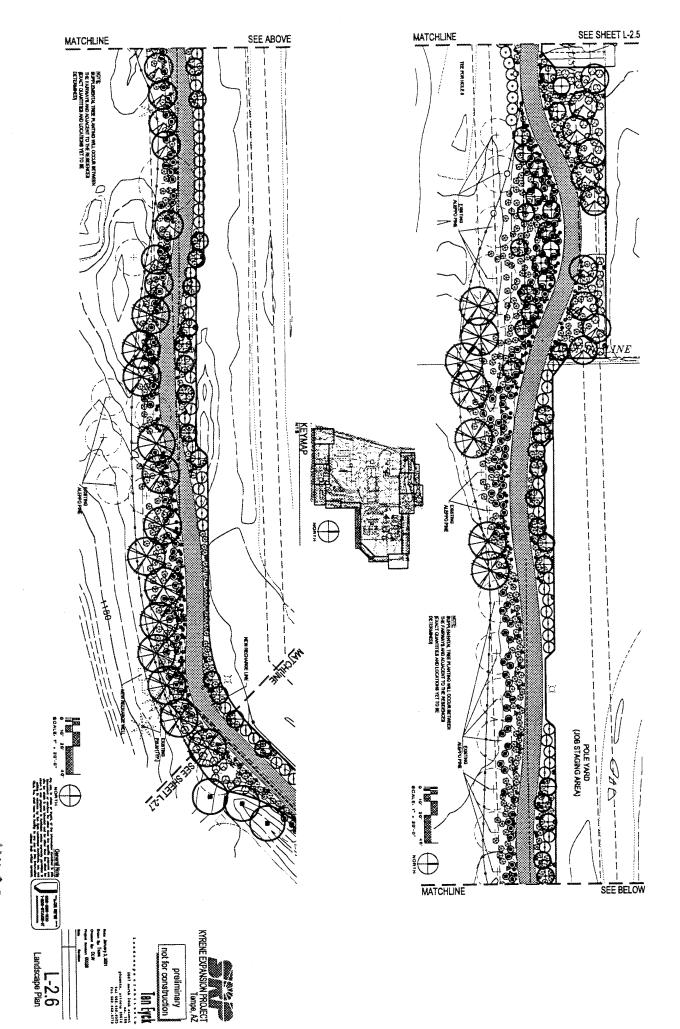
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#### LETTER OF EXPLANATION/INTENT

### SRP Kyrene Power Plant Mitigation Project

The SRP Kyrene Mitigation Project's intent is to provide extensive visual buffering along the existing facility perimeter for local residents, golf course and the general public. To that end, SRP is proposing almost 1,300 trees and over 5,000 shrubs.

From March 1999 to the present SRP has conducted a public process with neighborhoods and other interested parties about its plans to expand the Kyrene Station. The public process intent is to educate the public and work in a cooperative manner to identify and address issues and impacts associated with the project. This effort included the formation of a Community Working Group (CWG) whose members made recommendations relating mitigation of the expansion project.

The City of Tempe and SRP have created an agreement as part of the Kyrene power plant expansion project. Much of the intergovernmental agreement deals with the mitigation and visual buffering around the power plant site

SRP conducted public open house meetings with their consultants to present the mitigation measures proposed. These open house sessions provided feedback mostly from local residents. Comments received at the public meetings were presented to the CWG for review and consideration.

#### Generation Station Expansion

The generation station expansion encompasses approximately 13 acres immediately west of the existing 255-megawatt generation station. The proposed expansion parcel is zoned I-3. The remainder of the SRP property is zoned AG (agricultural). The proposed generation station will be fueled with natural gas that is brought to the site via a pressurized gas pipeline.

The proposed 250 megawatt power plant expansion will require a height variance as needed for structures over 35' in height for the site's zoning classification. The tallest structure proposed is the 150' tall exhaust stack. The height reference is made to the main entrance at Elliot Road. The top of curb elevation at the reference point is six (6) feet higher than the grade at the stack base. Thus, the overall structure height is 144'. The steam turbine enclosure, HRSG (boiler enclosure and the cooling tower also exceed the 35' height. SRP is submitting a height variance application concurrent with the site plan process.

The proposed construction access will be limited to the north drive from Kyrene Road. The construction site will be secured with fencing including the staging and storage areas. The construction will not interfere with SRP normal operations. Some minor impacts will be coordinated with the various SRP operating groups involved. The general public will not be adversely impacted by the construction.

The total building square footage proposed is 27,700 square feet comprised of the steam turbine enclosure, water treatment building, power distribution center and pump enclosure.

#### Mitigation and Enhancement Measures

SRP, in conjunction with City of Tempe, STOP and CWG, created mitigation and enhancement measures as agreed to in the mediation process. These measures will be implemented during the power plant construction project.

These specific items of mediation are submitted for the City Council approval:

#### Relocation of entrance to SRP's Tempe Service Center off Elliot Road

SRP and the City Staff found it difficult to design a relocated entry and still provide the safest traffic condition possible. Tempe staff believes the current location is better suited to traffic safety and operation along Elliot Road and SRP agrees. The CWG accepted this determination since their main concern was about the appearance of the entrance. SRP and the CWG decided to improve the main entrance appearance by creating a deeply curved drive with lush landscape to screen the site. The Alisanos neighborhood will no longer have a direct view of the Kyrene site as a result. It is SRP's intent to meet with STOP and all other stakeholders to present this finding and solicit input.

#### Construction of a bike and pedestrian path along the eastern edge of the SRP property

SRP is proposing a 12 foot wide concrete recreation path from Elliot Road to the Western Canal along the east boundary per City of Tempe requirements. The path will also include landscape and lighting. The path will be located mostly on SRP's site with several path segments and landscape treatments partially on the Ken McDonald Golf Course.

#### Repainting of the 500kV A-frame switchyard structures

SRP has some serious concerns about the ability to paint the switchyard as a result of the risks to reliability of the electric system. SRP has begun dialog with City Staff on this issue and is committed to develop a joint viable resolution with the City.

### Installing noise suppression equipment on the Kyrene Unit 1 steam driven lube oil pump vent and air ejectors for Units 1 and 2

The noise suppression equipment will be operational prior to the completion of the power plant in 2002.

#### Berming and trees along the southern boundary of the SRP property

The SRP site fronts on Elliot Road along its southern boundary. The proposed mitigation treatments for the southern boundary include the addition of landscape berms and plantings. The primary tree plantings will consist of the Chilean Mesquite, which is the City of Tempe's designated theme tree for Elliot Road. The existing masonry screen wall will remain. Plantings of Aleppo Pines will be installed inside the SRP property to serve as a tall vegetative visual buffer and as a backdrop at the main entry. Two hundred and forty six trees and 2,966 shrubs will be planted along Elliott and the northeast corner of Kyrene and Elliot. At the request of the Alisanos neighbors, Mondel Pines have been designed for the entry to the Kyrene site to mirror the Alisanos design.

### Berming and planting trees at the northeast corner of Elliot Road and Kyrene Road

The northeast corner of Elliot and Kyrene is extremely limited by the railroad right-of-way and a 25' wide utility easement for an El Paso natural gas line. The visual mitigation of this corner will be achieved by planting a grove of Aleppo Pines behind the existing SRP masonry screen wall east of the El Paso easement. At maturity, the massing of these trees will provide a relatively dense vegetative buffer that will screen views of both the existing facilities and the proposed power plant.

#### Planting trees along the eastern edge of the SRP property

Over 4,000 lineal feet of a 12 foot recreational meandering integral color concrete path will be constructed to connect Elliot Road to the Western Canal on the north side of the plant. The path will include a pedestrian bridge across the canal. In conjunction with the pathway, the eastern perimeter of the SRP site will be screened with a masonry wall with 520 trees and 1,625 shrubs planted along the eastern edge. The intent is to provide a lush environment for the users

of the path and a dense screen for the eastern neighbors view to the west while still keeping safety in mind by carefully selecting the plant materials.

The planting of Mesquites and Aleppo Pines will occur on portions of the western edge of the Ken McDonald Golf Course to maintain clearance under the overhead power lines. The plantings will be situated to enhance the visual appeal of the golf course and not impede the play of the course.

Planting trees and berming along a portion of the northern edge of the property

The addition of berming and planting along portions of the northern edge of the SRP site occurs west of the Western Canal. SRP will remove an existing building no longer in use to provide additional space for berming and planting. The berms will be carefully placed to compliment the golf course and not adversely impact the mature trees which occur in this area. A layering of tree plantings is proposed with the use of Aleppo Pines and Mesquite trees. The densest plantings will occur on the golf course and the SRP property just north of the service road leading into the SRP site.

Supplemental tree plantings will occur on the golf course between the fairways of holes 11 and 12. There will also be tree plantings adjacent to the apartments and the care facility north of the golf course. There are 530 trees and 691 shrubs proposed.

Individual tree planting for homes along the golf course that would have a view of the proposed generating units

There is an allowance for trees that will be planted on the non-play areas of the golf course adjacent to the individual residential properties backing directly to the golf course. One tree per residence will be spotted in a location to provide the most effective screen for the homeowner's property.

#### Revised Portion of Staff Summary Report 01.04.01



#### Letter of Explanation/Intent

The SRP Kyrene Mitigation Project's intent is to provide extensive visual buffering along the existing facility perimeter for local residents, golf course and the general public. To that end, SRP is proposing over 800 trees and nearly 7000 shrubs.

From March 1999 to the present SRP has conducted a public process with neighborhoods and other interested parties about its plans to expand the Kyrene Station. The public process intent is to educate the public and work in a cooperative manner to identify and address issues and impacts associated with the project. This effort included the formation of a Community Working Group (CWG) whose members made recommendations relating mitigation of the expansion project.

The City of Tempe and SRP have created an agreement as part of the Kyrene power plant expansion project. Much of the intergovernmental agreement deals with the mitigation and visual buffering around the power plant site.

SRP conducted public open house meetings with their consultants to present the mitigation measures proposed. These open house sessions provided feedback mostly local residents. Comments received at the public meetings were

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#### Generation Station Expansion

presented to CWG for review and consideration.

The generation station encompasses approximately 13 acres immediately west of the existing 255-megawatt generation station. The proposed expansion parcel is zoned I-3. The remainder of the SRP property is zoned AG (agricultural). The

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proposed generation station will be fueled with natural gas that is brought to the site via a pressurized gas pipeline.

The proposed 250-megawatt power plant expansion will require a height variance as needed for structures over 35' in height for the site's zoning classification.

The tallest structure proposed is the 150' tall exhaust stack. The height reference is made to the main entrance at Elliot Road. The top of curb elevation at the reference point is six (6) feet higher than the grade at the stack base. Thus, overall the structure height is 144'. The steam turbine enclosure, HRSG (boiler enclosure) and the cooling tower also exceed the 35' height. SRP is submitting a height variance application concurrent with the site plan process.

The proposed construction access will be limited to the north drive from Kyrene Road. The construction site will be secured with fencing including the staging and storage areas. The construction will not interfere with SRP normal operations. Some minor impacts will be coordinated with the various SRP operating groups involved. The general public will not be adversely impacted by the construction.

The total building square footage proposed is 27,700 square feet comprised of the steam turbine enclosure, water treatment building, power distribution center, and pump enclosure.

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### Mitigation and Enhancement Measures

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SRP, in conjunction with City of Tempe, STOP and CWG, created mitigation and enhancement measures as agreed to in the mediation process and as specified in the agreement between the City of Tempe and SRP. These measures will be implemented during the power plant construction project.

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These specific items are as follows:

Relocation of entrance to SRP's Tempe Service Center off Elliot Road.

SRP and the City staff found it difficult to design a relocated entry and still provide the safest traffic condition possible. SRP believes the current location along Elliot Road is better suited to traffic safety and facility operations. The CWG accepted this determination since their main concern was about the appearance of the entrance. SRP and the CWG attempted to improve the main entrance appearance by creating a deeply curved drive with lush landscape to screen the site. The Alisanos neighborhood will no longer have a direct view of the Kyrene site as a result. Upon review of the current plan, STOP has indicated that, per the agreement, they were expecting that the entrance would be relocated away from Elliot Road to Kyrene Road. There are four existing entries to SRP

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SENTENCES

that, per the agreement, they were expecting that the entrance would be relocated away from Elliot Road to Kyrene Road. There are four existing entries to SRP from Elliot Road. One of these entries does not have a median cut and SRP has committed to permanently close that entry by walling it shut. The western most entry is used for emergencies only and SRP will provide a solid gate and remove the driveway leading up to the gate. Shrub planting will be provided in front of the gate and this gate will remain closed and locked unless there is an emergency. New sidewalk will be placed in alignment with the existing sidewalk to provide a continuous walk along the north side of Elliot. The treatment for the main entry was described above. The eastern entry will remain but will also be landscaped and treated with screen walls to enhance its visual appeal and limit the view into the SRP site from vehicles driving along Elliot Road. SRP, City staff, STOP and

CWG are working on resolving the site access issue.

FROM STAFF PEFFORT

Construction of a bike and pedestrian path along the eastern edge of the SRP property

SRP is proposing a 12-foot wide concrete pedestrian and bicycle path constructed on the eastern edge of the plant, adjacent to and is some places, on the western edge of Ken McDonald Golf Course. The path will travel from Elliot Road, north to the Western Canal, and cross the canal with a pedestrian and bicycle bridge per the original agreed upon concept. Landscaping and lighting will be included along the path.

FROM STORE REPORT

There is still one issue that needs to be resolved regarding the bridge over the Western Canal. The Community Service Department has requested that this bridge become a shared facility with the non-motorized users of the path and also will accommodate golf carts travelling from hole 9 to hole 10. Currently, golfers use a bridge about 150 feet east of the proposed bridge location, however, a new bridge has been desired for some 15 years and would create more of a direct link for golfers. It is estimated that not more than 75 golf carts would use this facility per day. SRP is committed to build a bridge suitable for pedestrian use only.

ADDED SENTENCES

#### Repainting of the 500kV A-frame switchyard structures

vehicles will be the City's responsibility.

The painting of the Kyrene switchyard requires an outage of the entire switchyard. The Kyrene switchyard is unique to the SRP system in that it is directly connected to two power plants, Palo Verde and Coronado Generating Station. There is no back-up to the 500kV transmissions line system that goes through Kyrene. This includes both the transmission line portion and the

FROM STAFF

transformers. As the system stands today, even a planned outage during the most favorable conditions would create serious risk (much greater risk than SRP will normally accept when taking elements out of service for maintenance, capital improvements or forces outages) in the reliability of SRP's electric system. The consequences of a fault during the time frame the switchyard would be denergized could be significant loss of load and low voltage with in the southeast Valley. SRP has an ongoing capital program that will provide further redundancies in the system. Significant projects that will provide the needed redundancies include Browning (RS 18) in 2001, Kyrene Expansion Project in 2002, Southwest 500kV Transmission Project in 2003, Santan Expansion Project in 2005, and the Central Arizona Transmission System 500kV in about 2007. At the time the projects have been completed, SRP can safely take the switchyard offline within acceptable risks and complete the painting.

FROM STOPF

Installing noise suppression equipment on the Kyrene Unit 1 steam driven lube oil pump vent and the air ejectors for Units 1 and 2

The noise suppression equipment will be operational prior to the completion of the power plant in 2002.

FROM STAFF REPORT Berming and trees along the southern boundary of the SRP property

The SRP site fronts on Elliot Road along southern boundary. The proposed mitigation treatments for the southern boundary include the addition of landscape berms and plantings. The primary tree plantings will consist of the Chilean Mesquite, which is the City of Tempe's designated tree for Elliot Road. The existing masonry screen wall will remain. Three additional courses of block will be added to the top of existing wall to provide an even more effective visual

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screen. Plantings of Mondel Pines will be installed inside the SRP Property to provide a tall vegetative visual buffer and as a backdrop at the main entry. Approximately 148 trees and 3,348 shrubs will be planted along Elliot Road At the request of the Alisanos neighbors, Mondel Pines have been designed for the entry to the Kyrene site to be similar to the Alisanos design RATHER THON "MIRROR

Berming and planting trees at the northeast corner of Elliot Road and Kyrene

Road

The northeast corner of Elliot and Kyrene is extremely limited by the railroad right-of-way and a 25' wide utility easement for an El Paso natural gas line. The visual mitigation of this corner will be achieved by planting a grove of 26 Mondel Pines behind the existing SRP masonry screen wall east of the El Paso easement. At maturity, the massing of these trees will provide a relatively dense vegetative buffer that will help screen views of both the existing facilities and the proposed power plant.

Planting trees along the eastern edge of the SRP property

Over 4,000 lineal feet of a 12 foot multi-purpose meandering integral color concrete path will be constructed to connect Elliot Road to the Western Canal on the north side of the plant. In Conjunction with the pathway, the eastern perimeter of the SRP site will be screened with a 10-foot tall masonry wall and the approximately 397 trees and 3,558 shrubs planted along the eastern edge. The intent is to provide a lush environment for the users of the path and a vegetative screen for the eastern neighbors view to the west while still keeping CRATHER THAN "DENSE"

safety in mind by carefully selecting the plant materials.

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FROM STOFF

The planting of Mesquite trees, Sisso trees, Shoestring Acacia trees, Ash trees and Mondel Pine trees will occur on portions of the western edge of the Ken McDonald Golf Course. Other smaller trees will be planted to maintain clearance under the overhead power lines. The plantings will be situated to enhance the visual appeal of the golf course and not impede the play of the course.

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Planting trees and berming along a portion of the northern edge of the property The addition of berming and planting along the northern edge of the SRP site occurs west of the Western Canal. SRP will remove an existing building no longer in use to provide additional space for berming and planting. The berms will be carefully placed to compliment the golf course and not adversely impact with the use of Ash trees, Mcsquite trees, Shoestring Acacia trees and Sisso trees. No wouders The densest plantings will occur on the golf course and the SRP property just north of the service road leading into the SRP site. Supplemental tree plantings will occur on the golf course between the fairways of holes 11 and 12. There will also be tree plantings adjacent to the Estancia Apartments and the care

facility north of the golf course. The design team has met with the owner of the

plant facilities from the apartments. There are approximately 234 trees proposed

apartments and has identified specific plant types and sizes to help screen the

for this area.

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FROM THE STAFF
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Individual tree planting for homes along the golf course that would have a view of the proposed generating units

There is an allowance for trees that will be planted on the non-play areas of the golf course adjacent to the individual residential properties backing directly to the golf course. One tree per residence will be placed in a location to help provide an effective screen for the homeowner's property while not impacting the playability of the course or access for golf maintenance equipment.

There are additional benefits of the proposed facilities that include the following: Visual impacts will be minimal because of design, siting, mitigation and enhancement plans. Land use impacts are expected to be minimal because of the siting adjacent to the existing plant, which is located in an industrial area. Noise impacts from the expansion project are expected to be minimal and will meet all applicable noise ordinances.

Air quality will not deteriorate as a result of the operation of the new facilities.

No special status species or unique habitats occur within the project site.

SRP, in conjunction with the City of Tempe have worked with STOP and CWG to mitigate the potential impacts of this expansion. SRP will provide significant landscaping, multi-use path, lighting, and walls to not only mitigate the plant but to enhance the area.

12N 0 4 2005



Staff Summary Report

To: Mayor & City Council Through: City Manager

Agenda Item Number 490 Meeting Date: 06/15/00

SUBJECT: SRP/CITY AGREEMENT REGARDING KYRENE POWER

PLANT IMPROVEMENTS

PREPARED BY: C. Brad Woodford, City Attorney (350-8227)

REVIEWED BY: C. Brad Woodford, City Attorney (350-8227)

BRIEF: Resolution authorizing the Mayor to enter into an Agreement with Salt

River Project for improvements at the Kyrene Plant.

COMMENTS: SALT RIVER PROJECT (SRP) (0113-03) RESOLUTION NO.

2000.51. The City/SRP Agreement, Resolution 2000.51 would authorize the Mayor to enter into the Agreement with SRP for

improvements at the Kyrene Plant.

Document Name: (20000615casg01) Supporting Documents: Yes

SUMMARY: SRP and various neighborhood groups entered into mediation, which has

resulted in a negotiated agreement between SRP and the City that allows for City review of site plans, design review, and building codes for improvements to be constructed at the Kyrene Plant and additional

generating units.

RECOMMENDATION: That the City Council pass Resolution No. 2000.51 authorizing the

Mayor to enter into an Agreement with SRP regarding the Kyrene improvements, a copy of which is on file with the City Clerk's office.

FISCAL NOTE: No fiscal impact.

### RESOLUTION NO. 2000.51

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT FOR IMPROVEMENTS TO THE KYRENE PLANT.

WHEREAS, Salt River Project Agricultural Improvement and Power District (SRP) and several neighborhood groups have entered into mediation regarding the improvements to be done to the Kyrene Plant located within the City of Tempe.

WHEREAS, as a result of said mediation, SRP, the neighborhood groups, and the City of Tempe have reached certain agreements.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPE, as follows:

Section 1. That the Mayor is hereby authorized to execute the Agreement between the City of Tempe and Salt River Project regarding the improvements to the Kyrene Plant, a copy of which is on file with the City Clerk of the City of Tempe.

Section 2. The Mayor is authorized to execute such Agreement after approval and execution by Salt River Project.

PASSED AND ADOPTED BY ARIZONA, this day of			OF	THE	CITY	OF	TEMPE
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ATTEST:			-				
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City Clerk							
APPROVED AS TO FORM:							
•							

City Attorney

## When Recorded Mail to: Tempe Basket

# AGREEMENT BETWEEN THE CITY OF TEMPE AND THE SALT RIVER PROJECT

The City of Tempe ("Tempe") and the Salt River Project Agricultural Improvement and Power District ("SRP") make this agreement with an Effective Date of \_\_\_\_\_\_, 2000.

#### RECITALS

- A. SRP owns and operates an electricity generating facility known as the Kyrene Generating Station located near Elliot Road and Kyrene Road in Tempe ("the Kyrene Station"). Currently the Kyrene Station has a summer output capacity of 255 MW, delivered from five units ("the Existing Units").
- B. In March 1999, SRP announced that it intended to expand the Kyrene Station by adding additional generating units and related facilities. SRP announced that these new facilities were to be built in partnership with NRG Energy, Inc. and Dynegy, Inc.
- C. From March, 1999, to the present date SRP has conducted a public process with the neighborhoods and other interested parties relative to its plans to expand the Kyrene Station. The intent of the public process has been to educate the public and work in a cooperative manner to identify issues and impacts associated with the project and develop mitigation and enhancement measures to address these impacts and issues. This effort included the formation of a Community Working Group (CWG) which was instrumental in considering issues and recommendations related to the expansion project
- D. Because of neighborhood opposition to the planned expansion, in March, 2000, Tempe suggested that the neighborhood group opposing the expansion (Stop Tempe Oasis Project), other neighborhood representatives and SRP engage in a mediation effort to examine SRP's expansion plans and resolve differences in a manner which would be acceptable to the neighbors. All parties agreed to participate in a mediation process.

- E. The mediation participants held mediation sessions on April 11, April 20, April 24 and May 4. The mediator was former Arizona Attorney General and Tempe resident Grant Woods. On May 4, 2000 the parties to the mediation reached agreement on the major issues involving the expansion of the Kyrene facility, the operation of the current facilities, and mitigation and enhancement requirements (the new units and the mitigation and enhancements are collectively referred to as the "Kyrene Improvements").
- F. The points of the agreements reached during the mediation process, which are set out more fully in this agreement, are:
  - 1. SRP's proposed expansion of the Kyrene Station (the "New Units") will be scaled back to 250 MW. With the existing units, this will create an overall site limit of 505 MW.
  - 2. SRP will operate the existing units at no greater than a one percent capacity factor, calculated on a rolling two year average.
  - 3. Units one and two of the Existing Units will be retrofitted with NOX reduction technology.
  - 4. SRP will implement mitigation and enhancement measures as identified by the CWG.
  - 5. SRP will diligently pursue obtaining required air emissions offsets in the immediate area of the Kyrene facility. The immediate area is defined as an area bounded by I-10, Price Road, and Chandler Boulevard, plus the airport and the Town of Guadalupe.
  - 6. SRP will comply with applicable Tempe noise ordinances.
- G. The mediation participants have agreed that the agreements reached during the mediation process may be reflected in an agreement between SRP and Tempe.
- H. It is the position of Tempe that it has zoning and design review jurisdiction over the Kyrene Improvements, and it is the position of SRP that Tempe does not have zoning and design review jurisdiction over the Kyrene Improvements. By this agreement the parties wish to set out a framework to resolve this issue for the Kyrene Improvements only. It is not the intent of the parties that this agreement have any precedential effect on any other SRP construction project.
- I. In 1974 Tempe and SRP entered into a stipulation which dismissed the United States District Court action, Salt River Project Agricultural Improvement and Power District v. City of Tempe, et al., No. CIV 73-187 PHX CAM. SRP believes that the terms of the stipulation currently apply to the Kyrene Improvements. Tempe does not agree that the terms of the stipulation currently apply to the Kyrene Improvements.
- J. The Parties desire to implement the recommendations and agreements of the CWG and the mediation participants, and to institute cooperative action in

- conjunction with the expansion and operation of the Kyrene Station through the actions set forth in this Agreement.
- K. Tempe and SRP are authorized to enter into this agreement under A.R.S. §11-952. Tempe believes and SRP disputes that this agreement is also a development agreement under A.R.S. § 9-500-05.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the above-described recitals and the following terms and conditions, and under authority of Arizona Revised Statutes § 11-952, the Parties do hereby agree as follows:

- Purpose. The purpose of this Agreement is to institute cooperative actions between Tempe and SRP to plan, design, and achieve all necessary authorizations in relation to the Kyrene Improvements and, contingent upon actual construction and operation of the Kyrene Improvements, to plan, design, achieve authorization for, finance and construct certain additional improvements within the Tempe municipal boundaries.
- 2. <u>Effective Date</u>. Each Party shall become bound to the terms of this Agreement upon passage of a resolution of the governing board thereof, and the signature of a duly authorized representative of the Party.
- 3. <u>Kyrene Improvements</u>. SRP shall control and provide for, at its own cost and expense, the design and construction of the Kyrene Improvements according to plans and specifications developed by SRP and according to the terms of this agreement.
- 4. <u>Limitation of Kyrene Expansion</u>. SRP agrees that its expansion of the capacity of the Kyrene Station will be limited to an additional 250 MW of capacity, for a total site capacity of 505 MW. Upon completion of the new units, SRP also agrees to modify its air permit to require that the existing five units will be limited, in the aggregate, to operation at a one percent capacity factor. This limitation does not apply to renewable energy sources such as solar and fuel cells. The one percent capacity factor will be subject to a rolling two year average, beginning upon completion of the New Units.
- 5. <u>SRP Improvement Obligations</u>. SRP agrees to provide for and cause the design, engineering, and construction of the improvements specifically described in the subsections of this Section 5. SRP and Tempe agree to cooperate in requesting and applying for all necessary permits or other authorizations with respect to each subsection hereof:

- Units 1 and 2 of the existing facility at the Kyrene Station will be retrofitted with NOX reduction technology. Although not required by regulation, SRP is willing to invest up to \$2.4 million to reduce NOX emission rates from these two units. SRP will initiate work immediately on this aspect of the Agreement and, in the absence of equipment availability limitations or permitting delays, will commit to an in-service date for the new technology by July 1, 2001.
- SRP, in conjunction with the CWG, will continue to refine mitigation and enhancement measures. At a minimum, and as may be modified or refined by the CWG, SRP will implement the following environmental mitigation and enhancement measures (which are among those which were identified by the CWG and which were agreed on during the mediation) in coordination with the construction of all of the Kyrene Improvements, upon receipt of approvals to proceed with the expansion:
  - 5.2.1 Relocation of entrance to SRP's Tempe Service Center off Elliot Road.
  - 5.2.2 Construction of a bike and pedestrian path along the eastern edge of the SRP property.
  - 5.2.3 Repainting of the 500 kV A-frame switchyard structures (this item may be delayed or changed by the CWG due to the difficulties of taking outages on the Palo Verde Kyrene line).
  - 5.2.4 Installing noise suppression equipment on the Kyrene Unit 1 steam driven lube oil pump vent and the air ejectors for Units 1 and 2.
  - 5.2.5 Berming and trees along the southern boundary of the SRP property.
  - 5.2.6 Berming and planting trees at the northeast corner of Elliot and Kyrene Roads.
  - 5.2.7 Planting trees along the eastern edge of the SRP property.
  - 5.2.8 Planting trees and berming along a portion of the northern edge of the property (directly north of the proposed generating units).
  - 5.2.9 Individual tree planting for homes along the golf course that would have a view of the proposed generating units.

Conceptual drawings depicting some of these mitigation and enhancement measures are attached to this Agreement.

- 6. Air Offsets. SRP will obtain offsets as required by the county permitting authority for the Kyrene Improvements. In addition, prior to the operation of the New Units, SRP will diligently pursue available offsets in the immediate area to accommodate the CO and PM emissions associated with the continued operation of the Existing Units and associated with the New Units.
- 7. Compliance with Noise Ordinance. Without admitting to the jurisdiction of Tempe and without changing the provisions of the Stipulation, SRP agrees to comply with the City of Tempe's applicable noise ordinance for all Kyrene Units.
- 8. Zoning Variance. Tempe agrees to process and grant to SRP a variance to exceed Tempe's zoning height restrictions for necessary elements of the New Units. SRP agrees that the New Units will include only one additional stack not to exceed one hundred fifty feet. SRP does not agree that municipal zoning is applicable to the Kyrene Improvements, and by this agreement does not waive this position.
- 9. Cooperation with City Process. With respect to the Kyrene Improvements (except review of the technical and engineering requirements of the generating units and related equipment), SRP shall file with Tempe all appropriate plans as though SRP were fully subject to Tempe jurisdiction with respect to site plan approval and design review. Design review matters shall be approved directly by the Tempe Council. Site plan approval and design review shall be limited to the items set forth in sections 5.2.1, 5.2.2, 5.2.3 (only with respect to color), 5.2.5, 5.2.6, 5.2.7, 5.2.8, and 5.2.9. Except as set forth in this Agreement the generating units and related equipment shall not be subject to the Tempe processes and shall not be subject to City of Tempe ordinance requirements.
- 10. Additional Disputed Issues. During the process of design and construction, SRP and Tempe will in good faith attempt to reach agreement on all other disputed issues, if any. The parties will attempt where possible to work cooperatively with the public process which is currently underway.
- 11. Cooperation of SRP and Tempe. During Tempe Staff's review of SRP's plans relating to site plan approval and design review, and during the process of approval by the Arizona Power Plant and Transmission Line Siting Committee and the Arizona Corporation Commission, the parties shall cooperate in good faith to meet the objectives of the health, safety and welfare of Tempe and Tempe residents, promoting good design and community aesthetics, and providing a safe, reliable, and economical source of electricity for the residents and businesses of Tempe and the surrounding areas.
- 12. Support of SRP Applications. Tempe agrees to support SRP in its efforts to obtain necessary permits for the Kyrene Improvements through testimony and otherwise in any forum, including the Arizona Power Plant and Transmission Line Siting Committee, the Arizona Corporation Commission, the United States Environmental Protection Agency, and Maricopa County.

- 13. Natural Gas Supply and Wastewater Drainage: Tempe agrees to cooperate in good faith regarding future SRP proposals to facilitate SRP and its contractors and suppliers, access to its natural gas supply and the discharge of wastewater in the Gila drain, the Western Canal, or such other point which may be allowed by law, which may include the siting and construction of new pipeline facilities.
- 14. Cooling Water: Tempe and SRP agree to negotiate in good faith to develop mutually beneficial arrangements to provide a water supply to the Kyrene Improvements. These water supplies shall include but not be limited to surface water from Tempe's domestic water service account with SRP, excess Central Arizona Project water and other water supplies available to Tempe.
- 15. <u>Material Modifications to the Kyrene Improvements</u>. The parties agree that future material modifications of the Kyrene Improvements shall be governed by the terms of this Agreement.
- 16. Attorney Review. Each Party represents and warrants to the other Party, that its attorney has reviewed this Agreement and has determined that the Party is authorized to enter into the same, that it is in proper form, that the Agreement does not conflict with any legal obligations or requirements of the Party, and that upon execution hereof, this Agreement shall become a valid and binding obligation of the Party.
- 17. Notices: Any notice, consent or other communication ("Notice") required or permitted under this Agreement shall be in writing and either delivered in person, sent by facsimile transmission, deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, or deposited with any commercial air courier or express service addressed as follows:

If to City of Tempe:

Tempe City Manager
31 East Fifth Street
Third Floor
Tempe, Arizona
(480) 350-8221 (telephone)
(480) (facsimile)

with a copy to:

Tempe City Attorney 140 East Fifth Street, #301 Tempe, Arizona (480) 350-8227 (telephone) (480) 350-8645 (facsimile) If to SRP:

Corporate Secretary
Salt River Project
Post Office Box 52025
Phoenix, Arizona 85072-2025
(602) 236-5005 (telephone)
(602) 236-2188 (facsimile)

with a copy to:

Corporate Counsel Salt River Project Post Office Box 52025 Phoenix, Arizona 85072-2025 (602) 236-2359 (telephone) (602) 236-5397 (facsimile)

Notice shall be deemed received at the time it is personally served, on the day it is sent by facsimile transmission, on the second day after its deposit with any commercial air courier or express service, or, if mailed, five days after the Notice has been deposited in the United States mail as above provided. Any time period stated in a Notice shall be computed from the time the Notice is deemed received. Either party may change its mailing address or the person to receive Notice by notifying the other party as provided in this paragraph. Notices sent by facsimile transmission shall also be sent by regular mail to the recipient at the above address. This requirement or duplicate notice is not intended to change the effective date of the Notice sent by facsimile transmission.

- 18. Governing Law. The laws of the State of Arizona shall govern this Agreement.
- 19. Amendments and Modifications. No amendment or modification of this Agreement shall be valid or binding unless the same is in writing and duly approved and executed in the manner provided herein for approval and execution of this Agreement.
- 20. <u>Cancellation</u>. This Agreement is subject to cancellation pursuant to A.R.S. § 38-511, the pertinent provisions of which are fully incorporated herein by this reference.
- 21. Consent to File with Maricopa County Recorder. Each Party consents to the filing of this Agreement with the Maricopa County Recorder, in accordance with the requirements of A.R.S. § 11-952(G). Tempe may record this document within ten days of execution by Tempe.

the date and year first herein above written. SALT RIVER PROJECT CITY OF TEMPE, AGRICULTURAL IMPROVEMENT AND A municipal corporation POWER DISTRICT, An agricultural improvement district By: By: William P. Schrader, President Neil G. Giuliano, Mayor ATTEST AND COUNTERSIGN: ATTEST: Terrill A. Lonon, Corporate Secretary Karen Brittingham, Acting City Clerk Approved as to form:

C. Brad Woodford, City Attorney

Kenneth C. Sundlof Jr., attorney for SRP

IN WITNESS WHEREOF, the parties hereto have caused this document to be executed